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SUBJECT: MOU MINISTER DOWNPLAYS SUMMIT TENSIONS, HIGHLIGHTS
PEACE REGIME AND ECONOMIC PROJECTS

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b/d)

Summary

¶11. (C) In an October 8 meeting with the Ambassador, Unification Minister Lee Jae-jung went into detail about the personal dynamics between President Roh Moo-hyun and Kim Jong-il at the October 2-4 Summit, and downplayed the awkward moments between the two. Lee's overall impression of the summit as "systematic," however, tracked with incidents suggesting a lack of warmth and personal connection between the two leaders. This stood in contrast to the obvious rapport between Kim Dae-jung and Kim Jong-il during the 2000 summit. Lee also highlighted Kim Jong-il's interest in U.S. statements on a potential end-of-war declaration, and discussed the implementation of the various joint economic projects. The Ambassador pressed for and received assurances that the ROK was not seeking an end-of-war declaration before full DPRK denuclearization. END SUMMARY.

Peace Regime

¶12. (C) Kim Jong-il evinced great interest during Roh's detailed explanation of President Bush's Sydney statement concerning the possibility of a declaration to end the Korean War, according to Lee. Kim agreed with Roh's view that the Korean War needed to come to an official end. Kim reportedly emphasized that U.S. suggestions on a peace regime would be very important. Kim agreed that peace process discussions should be held, and requested that the U.S. and ROK consult with each other on the matter of the "three or four directly related parties" issue. Lee declined to specify whether the "three or four directly related parties" language was aimed at excluding China. Lee claimed that the two sides had not discussed who the three or four parties should be, though he noted that the DPRK had accepted the ROK as one of the directly related parties, calling this a significant change from its prior position.

¶13. (C) The Ambassador said that the media had been circulating unhelpful speculation that a summit including the U.S. President could take place before complete DPRK denuclearization. He emphasized that an end-of-war declaration and a peace regime were one and the same and depended on a successful conclusion to denuclearization efforts. Lee assured the Ambassador that the Six-Party Talks

(6PT) and peace regime discussions had to run in parallel to each other, and that the ROKG would continue consultations with the U.S. on these issues. Kim Jong-il had spoken at length about the importance of the 6PT, and had summoned Vice Foreign Minister Kim Gye-gwan to explain the status of the talks when Roh raised the subject. As both denuclearization and peace regime discussions would require significant time to implement, Lee requested that the U.S. increase its pace with respect to these issues. The Ambassador conveyed that the U.S. also desired a more rapid implementation of all aspects of the September 2005 Joint Statement, but also reiterated President Bush's statement in Sydney that a peace declaration could come only after Kim Jong-il had verifiably given up his nuclear weapons and programs.

Economic Projects

¶4. (C) Lee said that President Roh had made it a priority to press for the DPRK military's attention to and acceptance of the West Sea Peace Zone and other economic projects, since the military had not previously acknowledged the link between peace and economic measures. The West Sea Peace Zone proposal was rejected by Kim Jong-il when first raised by Roh during the morning session between the two summit leaders. Kim had said that there were naval bases at Haeju, the port city involved, making it inappropriate to designate that area as a special economic zone (SEZ). (NOTE: Kim recalled that a former Hyundai CEO had suggested Haeju as a joint economic site in the past, but that Hyundai had ultimately accepted Kaesong instead. END NOTE.) However, in the afternoon session, and following discussions with his military advisors, Kim accepted all parts of the West Sea Peace Zone proposal, including the Haeju SEZ.

¶5. (C) The Ambassador noted that the October 4 Summit Declaration included many potential economic projects, and asked which ones could plausibly get under way by February 2008, when the Roh Administration would leave office. Lee replied that the expansion of the Kaesong Industrial Complex (KIC), the freight railway link from the KIC to the ROK, and the Mt. Baekdu tour operations could all be implemented by as early as next year. As over 100,000 South Koreans had already traveled to Mt. Baekdu via China, Lee believed that a direct route to Mt. Baekdu, which would be less expensive, would be an even bigger draw. Kim Jong-il's official endorsement of the freight link between the KIC and the ROK was a significant achievement, which could lead to rail traffic soon. On the other hand, Lee said that the ROK viewed the West Sea joint fishing area and Peace Zone as a long-term project. He stated that all of the economic projects would require cooperation and support from the U.S., and that this was why the ROK had sent Deputy NSA Yun Byung-se to the U.S. to brief on the results of the summit.

¶6. (C) Asked about the estimated price tag for the proposed joint economic projects, Lee replied that MOU's budget proposal to the National Assembly for the next fiscal year would include 1.3 trillion won (approx 1.5 billion USD) for North-South projects. Haeju and the West Sea proposal would not be included, as the scope of the project had yet to be determined. Lee acknowledged that a large share of the cost for many of the projects would be borne by the private sector, in the form of investments.

Summit Blips

¶7. (C) According to Lee, Kim's offer to Roh to extend the summit by another day was not an official invitation, but rather a polite gesture of hospitality. In Korean culture, according to Lee, such offers were made whenever guests visited but were not expected to be acted upon. The media had blown the incident out of proportion, and Roh had not taken any offense at this unexpected invitation.

¶ 8. (C) There was no misunderstanding of the terms "opening" and "reform," as reported in the South Korean press. Roh explained to Kim Jong-il that projects such as those being pursued at the KIC could help promote reform while maintaining the DPRK regime, citing the PRC as a model. Roh emphasized to Kim that the KIC was not a political vehicle to open and reform the DPRK. The Ambassador stressed that, even though we might want to use diplomatic language, he hoped the ROK's policy was still aimed at encouraging the DPRK to reform and open its society.

¶ 9. (C) Lee portrayed the absence of Kim Jong-il at both the Arirang performance and the Roh dinners as no surprise: the DPRK had merely followed the agreed-upon schedule and protocol. The summit as a whole had been carried out according to schedule, and in a very "systematic" manner that resulted in a substantive summit declaration, said Lee.

Summit Dynamics

¶ 10. (C) Kim Jong-il and Kim Yong-nam, the official DPRK head of state, spoke on different topics and with different attitudes during their meetings with Roh. Kim Yong-nam spoke with Roh for an hour about the more controversial North-South issues in a "very conventional way," and Lee noted that Kim Yong-nam's demeanor was formal to the point of being cold. On the other hand, Kim Jong-il presented a more flexible attitude and had clearly prepared for the summit. In particular, Kim Jong-il did not mention the NLL. "It's the 21st century now, so it would not be appropriate to discuss 20th-century issues," Kim reportedly said. The Ambassador remarked that this seemed to be a "good cop/bad cop" situation, with Kim Jong-il playing the role of the good cop. Lee agreed with this assessment.

¶ 11. (C) Lee characterized the summit as "more systematic" than the 2000 summit, particularly in protocol matters. The DPRK accepted almost all of the ROK's protocol and

preparation suggestions, indicating a "very flexible attitude" going into the summit. The DPRK allowed the ROK to hang the ROK flag and national flower at a temporary ROK Presidential Office at the Paekhwawon Guesthouse, and allowed President Roh's car to fly the ROK flag alongside the unification flag while in the DPRK.

Comment

¶ 12. (C) Minister Lee's attempt to downplay awkward moments between the summit heads was not convincing. In particular, his attempt to spin the awkward invitation to extend the summit by a day as a "cultural misunderstanding" did not make sense, as Kim's and Roh's positions made the invitation inherently official. Lee's characterization of the summit as "systematic" suggested that the two leaders did not make a personal connection during their time together. Overall, Lee's favorable characterization of the summit seemed to be aimed at putting the best possible face on the meeting, with particular pride in the Declaration that resulted. END

COMMENT.
VERSHBOW